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VIA ELECTRONIC FILING

David Stark, Hearing Officer
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Duke Energy Progress, LLC for Adjustments in Electric
Rate Schedules and Tariffs and Request for Accounting Order
Docket No.: 2018-318-E.

David:

I am writing to you in your capacity as Hearing Officer for the upcoming hearing in the Duke Energy Progress, LLC ("DEP") rate case to let you and the other parties know that DEP plans to offer testimony beyond the scope of its pre-filed testimony to respond to: (1) matters raised at the night hearings in Florence and Sumter; and (2) certain matters raised in surrebuttal testimony that DEP has not had an opportunity to respond to previously. We believe this procedure is permitted under Rule 103-845(C) of the Commission's Rules of Practice and Procedure because it was not practicable for DEP to respond previously to matters raised for the first time at the night hearings or on surrebuttal.

As to the matters raised at the night hearings, we plan to ask Kodwo Ghartey-Tagoe, who attended both night hearings to respond to certain issues that were raised by several of the public witnesses.

As to the surrebuttal testimony we plan to ask the following DEP witnesses to respond to the following issues:

- Metzler – Incentive Compensation. In the ORS direct testimony there were two sentences on incentive compensation in Kelvin Major's testimony. In witness Major's surrebuttal testimony he provides over two pages of explanation of the ORS position. For example, DEP plans to ask Metzler to respond to the surrebuttal testimony by providing specific information concerning what type of employees qualify for the different compensation programs and the extent to which the incentive programs are based on earnings per share or total shareholder return metrics. Major's surrebuttal position changes the rationale of his original disallowance recommendation made relative to incentives. These two recommendations have different financial effects, and Ms. Metzler should be allowed to speak to them.



- Henderson – Nuclear Reserve. In the surrebuttal testimony of ORS witness Morgan, he offers testimony that the Nuclear Regulatory Commission has not denied an applicant's request for a license renewal. We plan to ask Henderson to respond to that point.
- Hunsicker – Adjustments for Customer Connect expenses. In the surrebuttal testimony of ORS witness Major, he updates his adjustment to O&M expenses for the Customer Connect project but rejects forecasted costs of approximately \$550,000 for inflation and contingency. DEP will ask Hunsicker to respond.
- Bateman – Recovery of deferrals. In the surrebuttal testimony of ORS witness Payne, he cited a number of rulings from other state regulatory commissions in support of his position. These were not referenced in his direct testimony. witness Payne also made reference to new authorities not included in his direct testimony, for example, Accounting for Public Utilities, the Deloitte Manual and a certain newly cited quote from the NARUC Rate Case and Audit Manual, again, for the first time in the surrebuttal testimony. DEP plans to ask witness Bateman to respond to these authorities cited by Payne. Additionally, witness Payne provides a calculation for the first time of the aggregate impact of deferrals, in his view, and we believe it is appropriate for Ms. Bateman to respond. He also makes statements for the first time alleging only shareholders benefit at the direct expense of customers, and Ms. Bateman should be allowed to respond.

Similarly, in his surrebuttal testimony, ORS witness Major characterizes certain inflation adjustments as “projected.” That characterization is not included in Major’s direct testimony and Ms. Bateman should be allowed to respond. Witness Major also alleges a series of conversations about rate case expenses for the first time in surrebuttal, and Ms. Bateman should be allowed to respond. Mr. Major also only briefly addresses his view of non-allowables in his direct testimony, but in surrebuttal makes a number of specific allegations that Ms. Bateman should be allowed a chance to respond to.

We hope this notification is helpful to the Commission and other parties in preparing for the hearing. Please let me know if there are questions about this letter.

Yours truly,

Frank R. Ellerbe, III

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cc: Parties of Record (via email)
Heather Shirley Smith, Deputy General Counsel (via email)